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Kingsley, Darwin Pearl

Oriental trade and an American merchant...

[S.l.]

[1920]

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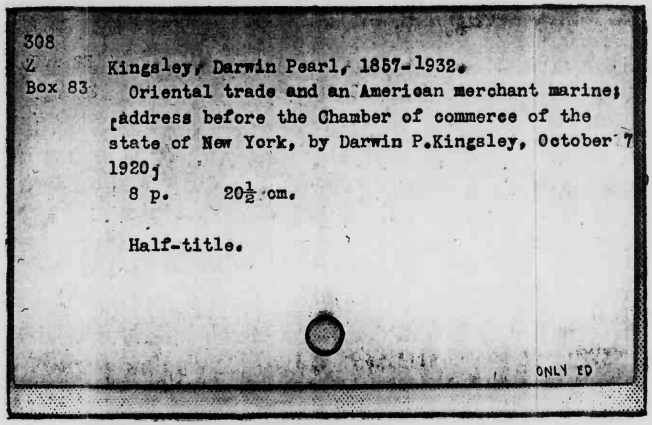
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Gift of the President

ORIENTAL TRADE AND AN AMERICAN MERCHANT MARINE *

Gentlemen of the Chamber:

On the 6th day of May last you unanimously elected me President of this body. You took this action while I was absent in the Far East. I could not, therefore, qualify at the usual time and in the usual way. The oath of office, however, was duly administered by Vice-President George F. Baker at a special meeting of the Executive Committee held on the 3d of August last.

In a note dated April 2, 1920, addressed to Mr. Charles D. Hilles, Chairman of your Nominating Committee, I expressed my profound appreciation of the honor then proposed, and stated that in my estimation the Presidency of this Chamber is about the highest civic distinction attainable by men who are a part of the business forces that centre about the Port of New York. I pledged to the Chamber, if elected, a whole-hearted devotion to its interests. I cannot to-day add anything to what I then said; and to attempt it would be vain repetition.

It is proper to state that after cables from the Chamber and from friends, announcing my election, had reached me in Japan, I was at once accorded that particular consideration which reflects the respect felt for this body by business men all over the commercial world.

There may have been periods during its long and honorable existence when this Chamber has been faced with larger opportunities and greater responsibilities than now, but I doubt it. The opportunities and the obligations of the Chamber are a part of the amazing, not to say distressing, condition in which the world finds itself.

*Address before the Chamber of Commerce of the State of New York by Mr. Darwin P. Kingsley, October 7, 1920.

We are entering on a new and let us hope a greater era. Most of us will probably see only the beginnings of it. The part that our country plays in that era will depend largely on the courage and vision of the men who lead us politically and economically through the next ten years.

I spent a part of April and all of May and June last in the countries that were farthest removed from the scene of the late war, countries which are soon to offer what in my judgment will be the premier market of the world,—the Far East, and China particularly.

Within an outline map delimiting what may still be properly called China, one can place the whole of continental United States, with room to spare. In that territory dwell a wonderful people who have been struggling with the problems of existence for at least 5,000 years; who had a highly developed civilization when our forebears had not advanced much beyond the conditions of primitive savagery, who outnumber us four to one. Within that territory natural resources probably exceed our own. Except that the Chinaman has cultivated the soil and developed transportation by rivers and waterways, he has left the natural wealth of that vast area substantially untouched.

Just to the East of China lies Japan,—until recently thought of as a little fringe of volcanic islands containing about as much arable land as California has, and inhabited, as the Chinese long thought, by men who were akin to apes; now become—and this apparently achieved within less than seventy years—a great military, maritime, industrial and humane power with a population that is leaping up toward 60,000,000.

The emergence of Japan from the mysteries and confusion of the East has reset the entire world stage. The East is no longer a place to be looted with impunity. With the Russian menace removed for a considerable period of years Japan will not permit Europe to repeat what it has previously done in Asia,

and the Occident will probably object if Japan allows her militarists to go too far. Under that balance of power a new era is dawning in China.

Existing conditions in the Far East are more than puzzling; they are almost paradoxical.

The Chinese have no national consciousness. The Japanese have almost over-developed that feeling. The Chinese are almost without political organization outside their village life. There is probably nowhere on earth to-day a more compact, energetic, determined, and strongly led people than the Japanese. They are hospitable, courteous, eager to learn, and they believe in themselves. China has almost unlimited raw material; Japan has very little. Japan claims to be over populated. I think it is. The Japanese are perhaps the most prolific people in the world. They are faced with some very complex and dangerous problems. The raw material which they must have is temptingly near. The efficient political, military and economic organization which Japan possesses China lacks. The patriotism which dedicates every Japanese without reservation to the interests of his country and intensifies his loyalty to the Mikado, is substantially not understood at all across the Yellow Sea; at least the Chinaman has no counterpart of it. In her attitude toward China, Japan is moved by impulses quite different from those which normally develop international trade. She is driven by necessity. She *must* have those raw materials. She *must* trade with China and with other countries. Her relation to the natural resources of China is not unlike that of the "Tight little Isle" toward the rest of the world. But in meeting that necessity England has followed one theory and Japan has adopted a program entirely hostile to the English idea.

As I see it, Japan is making a prodigious mistake in her treatment of Korea which now belongs to her, in her treatment of Southern Manchuria which she

substantially controls, in her attitude and conduct in Siberia and in her treatment of China whose enmity may become a very dangerous thing. She is destroying her leadership in that market. These mistakes may create trade opportunities for us but in the long run are regrettable as affecting our interests as well as Japan's.

As a result of the recent war we have in our hands, or in the hands of the Shipping Board, the elements, and only the elements, out of which may be evolved a great merchant marine and then a very great trade in the Orient. We have the second largest merchant tonnage in the world. Can we take advantage of what the fortunes of war have placed in our hands? Can we take and hold a commanding place in the trade of the Far East? Those questions will be answered within a few years. I know of no problems to which this Chamber can with more propriety address itself.

It is certain that we shall never be a really great commercial nation until the goods we send out and the cargoes we import are carried largely in our own bottoms and under our own flag. We have had almost no merchant marine for three-quarters of a century. Great Britain and Germany built up their merchant fleets not exactly at our expense, but certainly by carrying both our exports and imports. We just paid the freight. How many years it might have taken by peaceful processes to find ourselves with the merchant tonnage we now have and the opportunity that goes with it, is of course vain speculation. The war forced the construction of the ships and the opportunity is emphasized by the fact that Germany is eliminated, and all the other shipping nations are in some distress.

Let us not deceive ourselves. All we possess at the present time is the raw material of a merchant marine, and a great opportunity. Our flag is again on the seas; to keep it there is not a task of a day or a year,

but of a generation. It is a task that can be accomplished only by leaders of broad vision and great courage. That we have at the present time in the hands of the Shipping Board the second largest merchant fleet in the world, measured in tonnage, doesn't give us as a matter of fact a going merchant marine. Assuming that we have ready for these ships adequate crews and trained officers—and both matters I imagine are subject to debate—before we are in a position to utilize that fleet in the trade of the Orient particularly, there are other things we must have. Here are a few of them:

Adequate cable service;
Radio;
Fast Mail;
Insurance in all its intimate and almost vital relations to commerce;
Dry Docks and a Ship Repairing Base at Manila;
Terminals and Dry Docks at Shanghai,
which would have to be privately owned;
Feeder lines covering China, the Philippine Islands, and tropical Asia generally;
Proper Banking facilities.

Even so brief a sketch as this shows, I think, that any comprehensive attempt to meet this opportunity calls for a great plan, a definite policy, and particularly a consistent policy in Washington.

Just at present it is difficult to tell what our national policy is.

Further consideration of how we are to achieve a really effective merchant marine brings us to our own country, and indeed brings us directly to the Port of New York.

I am told that Port facilities here are inadequate and inefficient; that frequent rehandling increases the labor costs, and in the case of package and perishable goods tends to cause deterioration in quality. Partly because of these conditions and partly because of

arbitrary freight differentials established against this Port—diversion of tonnage has been accomplished, and the percentage of the whole of the country's commerce passing through this Port has in the last few years suffered a substantial decline.

While these are disturbing facts, the deductions sometimes made from them are not always logical. The unmatched opportunity presented here for transhipment by coastwise, foreign and local lines attracts commerce in spite of all obstacles. Such transhipment can be made here because of the great size of the Port; but the great size of the Port nevertheless creates a physical problem which must be solved.

Dock Commissioner Hulbert has just returned from a survey of European ports and expresses the opinion that the Staten Island piers, which the city is now building, will be on a par with the best in Europe. The *Scientific American* published last May a review of these proposed docks and in effect condemned them as inadequate, as a compromise between what a really up-to-date docks ought to be and the lighterage system which must be largely abandoned if this port is to maintain its pre-eminence.

John Marshall, in one of his great opinions,* did perhaps more than any other single man to create the Port of New York. The conflict of authority, which in that opinion he so largely ended, nevertheless still continues. The problem of how, expeditiously and economically, to handle the commerce of this Port, which because of its enormously extended and broken waterfront is most difficult, is rendered more complex by the fact that Port regulations fall under the authority of two States.

You are familiar with the work that this Chamber has done to harmonize the interests of the two States in the Port, and to unify their action. A New York-New Jersey Port and Harbor Development Commission has been created; money has been appropriated to cover the expenses of a comprehensive plan which that Commission is preparing; but before that plan can be made operative the treaty of 1834 between New York and New Jersey must be modified. Modifications were drafted, but the modified treaty which passed the Legislature of New Jersey at its last session was vetoed by the Governor of that State, and the whole question of unified control of the Port is still in abeyance. It has, however, by no means been abandoned. The platforms of both political parties in this State have declared in favor of the treaty; and the policy which this Chamber laid down in March, 1917, will, I have no doubt, be consistently adhered to.

Gibbons vs. Ogden—U. S. Supreme Court Reports—6 Law Ed. p. 1.

The Federal Congress has recently passed a shipping law, the purpose of which is to transform our merchant tonnage into a real American Merchant Marine. That law has been roundly denounced by about every one of our Pacific ports and of course has been bitterly attacked by other nations, especially Japan. It was certain from the building of our first merchant vessel that when we again appeared as a contestant for the carrying trade of the world, we would be bitterly opposed. Shifting the bulk of our imports and exports from foreign bottoms to our own ships was in itself certain to disturb those who lost that tonnage. If we competed successfully for other tonnage, the disturbance would be intensified. Both these achievements now seem possible, but probably not without action by us that may seem harsh to those who have hitherto controlled all that tonnage.

I criticise our latest shipping law, if indeed it can any longer be called a law, chiefly in this:

Before we enact discriminatory legislation in order to put ourselves in a position to compete as carriers with other nations, let us first search out and correct our own shortcomings.

Given adequate and modern port facilities, capable

crews and trained officers, suitable dry docks and repair stations strategically placed, a feeder fleet, and banking facilities;—if it then appears because of our standards of living that we cannot compete, I would favor any rational legislation necessary to keep our flag flying.

Can we truthfully say that we have all or indeed any substantial part of such assumed equipment?

I cannot help feeling that in the Jones Law we have attacked the problem wrong end first.

Without a plan as big as the problem, no amount of subsidies, no discrimination in rates will give us an effective merchant marine.

I refrain from discussing at length other matters which crowd themselves into the daily thinking of the American business man, such as:

Taxation, and its present crushing effect upon industry;

The inflated and feverish conditions which exist in certain major industries;

Some new and to the old-fashioned members of this Chamber, very disturbing standards of morals in business;

That maudlin sentimentality which encourages disorder and revolution through a singular confusion of mind over what the right of free speech is and is not. The bomb that was touched off in front of the U. S. Assay Office on the Sixteenth of September reminds us that parlor Bolshevism, yellow journalism and yellow politics may no longer be just smiled at and ignored; it suggests that perhaps society should have the same right of self-defense that the individual has.

I urge the Standing Committees of the Chamber to be alert, to lead us by vigorous action and wise counsel. These are trying days; others equally trying are coming.

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